

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#15 FEBRUARY 8, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
residents through direct services
at DHS facilities and through
collaboration with community and
university partners.*

February 08, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (ALL DISTRICTS) (3 VOTES)

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

- (1) Account Number LAC+USC MC – Various \$ 3,588
- (2) Account Number LAC+USC MC – Various \$ 4,124
- (3) Account Number LAC+USC MC – 10288517 \$ 4,700
- (4) Account Number LAC+USC MC – 0384767 \$ 5,000
- (5) Account Number LAC+USC MC – Various \$ 8,107

Total All Accounts: \$ 25,519



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$25,519.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts.

The Honorable Board of Supervisors

2/8/2011

Page 3

Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: FEBRUARY 8, 2011

| | | | |
|----------------------------------|-------------|------------------------|------------------------|
| Total Gross Charges | \$43,922 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$43,922 | Date of Service | Various |
| Compromise Amount Offered | \$3,587.67 | % Of Charges | 8 % |
| Amount to be Written Off | \$40,334.33 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$43,922 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$10,763 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$3,587.66 | \$3,587.66 | 33 % |
| Lawyer's Cost | \$200 | \$200 | 2 % |
| LAC+USC Medical Center | \$43,922 | \$3,587.67 | 33 % |
| Other Lien Holders | - | - | - |
| Patient | - | \$3,387.67 | 32 % |
| Total | - | \$10,763 | 100 % |

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: FEBRUARY 8, 2011

| | | | |
|----------------------------------|-------------|------------------------|------------------------|
| Total Gross Charges | \$25,426 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$25,426 | Date of Service | Various |
| Compromise Amount Offered | \$4,124.06 | % Of Charges | 16 % |
| Amount to be Written Off | \$21,301.94 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$25,426 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees * | \$6,000 | \$3,750 | 25 % |
| Lawyer's Cost | \$1,771.41 | \$1,771.41 | 12 % |
| LAC+USC Medical Center | \$25,426 | \$4,124.06 | 27 % |
| Other Lien Holders | - | - | - |
| Patient | - | \$5,354.53 | 36 % |
| Total | - | \$15,000 | 100 % |

* The attorney agreed to reduce his fees from \$6,000 (40%) to \$3,750 (25%) so that the patient can receive a larger portion of the settlement.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: FEBRUARY 8, 2011

| | | | |
|----------------------------------|----------|------------------------|------------------------|
| Total Gross Charges | \$30,410 | Account Number | 10288517 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$30,410 | Date of Service | 5/20/10 – 5/25/10 |
| Compromise Amount Offered | \$4,700 | % Of Charges | 15 % |
| Amount to be Written Off | \$25,710 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$30,410 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|---------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$5,000 | \$5,000 | 33 % |
| Lawyer's Cost | \$600 | \$600 | 4 % |
| LAC+USC Medical Center * | \$30,410 | \$4,700 | 31 % |
| Other Lien Holders * | \$1,200 | \$1,200 | 8 % |
| Patient | - | \$3,500 | 24 % |
| Total | - | \$15,000 | 100 % |

* Lien holders are receiving 39% of the settlement (31% to LAC+USC Medical Center and 8% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: FEBRUARY 8, 2011

| | | | |
|----------------------------------|----------|------------------------|------------------------|
| Total Gross Charges | \$24,328 | Account Number | 0384767 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$24,328 | Date of Service | 12/22/09 – 12/26/09 |
| Compromise Amount Offered | \$5,000 | % Of Charges | 21 % |
| Amount to be Written Off | \$19,328 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$24,328 for medical services rendered. The patient is a General Relief (GR) recipient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$4,900 | \$4,900 | 33 % |
| Lawyer's Cost | \$200 | \$200 | 1 % |
| LAC+USC Medical Center | \$24,328 | \$5,000 | 33 % |
| Other Lien Holders | - | - | - |
| Patient | - | \$4,900 | 33 % |
| Total | - | \$15,000 | 100 % |

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: FEBRUARY 8, 2011

| | | | |
|----------------------------------|-------------|------------------------|------------------------|
| Total Gross Charges | \$38,334 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$38,334 | Date of Service | Various |
| Compromise Amount Offered | \$8,107.07 | % Of Charges | 21 % |
| Amount to be Written Off | \$30,226.93 | Facility | H-UCLA Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$38,334 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|--------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$8,333.34 | \$8,333.34 | 33 % |
| Lawyer's Cost | \$450.87 | \$450.87 | 2 % |
| H-UCLA Medical Center * | \$38,334 | \$8,107.07 | 33 % |
| Other Lien Holders * | \$15,879.59 | \$2,541.14 | 10 % |
| Patient | - | \$5,567.58 | 22 % |
| Total | - | \$25,000 | 100 % |

* Lien holders are receiving 43% of the settlement (33% to H-UCLA Medical Center and 10% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.